

PHS

Pima Health System

3950 S. Country Club Rd., Suite 400 • Tucson, Arizona 85714 • (520) 243-8000

May 19, 2008

Michael Veit Contracts and Purchasing Administrator AHCCCS Administration 801 E. Jefferson Street, MD 5700 Phoenix, AZ 85034

Dear Mr. Veit:

As you can imagine, I am surprised and disappointed that Pima Health System (PHS) was not awarded a contract from the AHCCCS Acute Care Services Request for Proposal (RFP) YH09-0001.

After reviewing the results of the scoring, it is clear that the Capitation Proposal component of the PHS bid created the critical difference in the overall score, resulting in the loss of the award.

Will you please disclose the reason(s) why AHCCCS issued Amendments Three (3), Four (4) and Five (5), which substantively changed, at the last minute, the process by which the Offerors' capitation bids were to be calculated? Secondly, was there any protest to this change, and to these Amendments? If so, which plan protested?

Please reply at your earliest convenience. The deadline for the protest of the RFP YH09-0001 contract process approaches, and PHS is exploring every available option to be able to continue its long-standing relationship with AHCCCS, serving both acute and long term care members.

Sincerely,

Karen I Fields

Pima Health System Director

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